

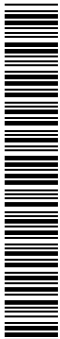
**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 2420  
OFFERED BY MR. BAKER OF LOUISIANA**

After section 9, insert the following new section (and redesignate the succeeding sections accordingly):

**1 SEC. 10. ETHICS COMPLIANCE BY MUTUAL FUNDS.**

2       Within 270 days after the date of enactment of this  
3 Act, the Commission shall, by rule pursuant to the Invest-  
4 ment Company Act of 1940 and the Investment Advisers  
5 Act of 1940, require each investment company and invest-  
6 ment adviser registered with the Commission—

7           (1) to adopt and implement policies and proce-  
8 dures reasonably designed to prevent violation of the  
9 Securities Act of 1933 (15 U.S.C. 78a et seq.), the  
10 Securities Exchange Act of 1934 (15 U.S.C. 78a et  
11 seq.), the Sarbanes-Oxley Act of 2002 (15 U.S.C.  
12 7201 et seq.), the Trust Indenture Act of 1939 (15  
13 U.S.C. 77aaa et seq.), the Investment Company Act  
14 of 1940 (15 U.S.C. 80a–1 et seq.), the Investment  
15 Advisers Act of 1940 (15 U.S.C. 80b et seq.), the  
16 Securities Investor Protection Act of 1970 (15  
17 U.S.C. 78aaa et seq.), subchapter II of chapter 53  
18 of title 31, United States Code, chapter 2 of title I  
19 of Public Law 91–508 (12 U.S.C. 1951 et seq.), or



1 section 21 of the Federal Deposit Insurance Act (12  
2 U.S.C. 1829b);

3 (2) review those policies and procedures annu-  
4 ally for their adequacy and the effectiveness of their  
5 implementation; and

6 (3) appoint a chief compliance officer to be re-  
7 sponsible for administering the policies and proce-  
8 dures.

